



Patrick W. Henning, Director



Arnold Schwarzenegger
Governor

November 3, 2009
22M:387:da:9063:9064

Mr. Ernest B. Dowdy, Executive Director
City of San Bernardino Employment and Training Agency
600 N. Arrowhead Avenue
San Bernardino, CA 92401-1201

Dear Mr. Dowdy:

WORKFORCE INVESTMENT ACT
FISCAL AND PROCUREMENT REVIEW
FINAL MONITORING REPORT
PROGRAM YEAR 2008-09

This is to inform you of the results of our review for Program Year (PY) 2008-09 of the City of San Bernardino Employment and Training Agency's (SBETA) Workforce Investment Act (WIA) grant financial management and procurement systems. This review was conducted by Mr. Dave Ajirogi from June 8, 2009, through June 12, 2009. For the fiscal portion of the review, we focused on the following areas: fiscal policies and procedures, accounting system, reporting, program income, expenditures, internal control, allowable costs, cash management, cost allocation, indirect costs, cost/resource sharing, fiscal monitoring of subrecipients, single audit and audit resolution policies and procedures for its subrecipients, and written internal management procedures. For the procurement portion of the review, we examined procurement policies and procedures, methods of procurement, procurement competition and selection of service providers, cost and price analyses, contract terms and agreements, and property management.

Our review was conducted under the authority of Section 667.410(b)(1), (2) & (3) of Title 20 of the Code of Federal Regulations (20 CFR). The purpose of this review was to determine the level of compliance by SBETA with applicable federal and state laws, regulations, policies, and directives related to the WIA grant regarding financial management and procurement for PY 2008-09.

We collected the information for this report through interviews with representatives of SBETA, a review of applicable policies and procedures, and a review of documentation retained by SBETA for a sample of expenditures and procurements for PY 2008-09.

We received your response to our draft report on September 9, 2009, and reviewed your comments and documentation before finalizing this report. Your response adequately addressed the finding cited in the draft report. However, this issue will remain open until we verify the implementation of your stated corrective action plan.

during a future onsite review. Until then, this finding is assigned Corrective Action Tracking System (CATS) number 90207.

BACKGROUND

The SBETA was awarded WIA funds to administer a comprehensive workforce investment system by way of streamlining services through the One-Stop delivery system. For PY 2008-09, SBETA was allocated: \$958,125 to serve 258 adult participants; \$1,001,552 to serve 227 youth participants; and \$569,065 to serve 106 dislocated worker participants.

For the quarter ending March 31, 2009, SBETA reported the following expenditures and enrollments for its WIA programs: \$672,579 to serve 145 adult participants; \$925,519 to serve 74 youth participants; and \$344,870 to serve 45 dislocated worker participants.

FISCAL REVIEW RESULTS

We conclude that overall, SBETA is meeting applicable WIA requirements concerning financial management.

PROCUREMENT REVIEW RESULTS

While we conclude that, overall SBETA is meeting applicable WIA requirements concerning procurement, we noted an instance of noncompliance in the area of contract provisions. The finding that we identified in this area, our recommendation, and SBETA's proposed resolution of the finding is specified below.

FINDING 1

Requirement: 20 CFR Section 667.200(d) states, in part, that all WIA Title-I grant recipients and subrecipients must comply with the government-wide requirements for debarment and suspensions.

29 CFR Section 97.35 states, in part, that all contracts awarded shall contain the provisions of Appendix A to this part for debarment and suspension requirements, including Executive Order (EO) 12689

29 CFR Section 97.36(i)(12) states, in part, that all WIA Title-I grant recipients and subrecipients must comply with all applicable standards, orders, or requirements issued under section 306 of the Clean Air Act (42 U.S.C. 1857(h)), and section 508 of the Clean Water Act (33 U.S.C. 1368), Executive Order 11738.

Observation: We found that SBETA's subrecipient contracts did not contain the above contract provisions. Specifically, we reviewed the contracts for San Bernardino County Office of Education and San Bernardino Community College and found that they did not

contain the required debarment and suspension provision or the provision under sections 306 of the Clean Air Act and 508 of the Clean Water Act.

Recommendation: We recommended that SBETA submit a corrective action plan to CRO stating how it will ensure that current and future contracts include the above contract provisions.

SBETA Response: The SBETA stated that they accepted the recommendation and revised their boilerplate to include the missing debarment and suspension provision, and the clean air and clean water act provisions. The SBETA will ensure that current and future contracts include the above contract provisions and provided a copy of the contract boilerplate containing the above referenced provisions.

State Conclusion: The SBETA's stated corrective action should be sufficient to resolve this issue. However, we cannot close this issue until we verify SBETA's successful implementation of its stated corrective action. Until then, this issue remains open and has been assigned CATS number 90207.

Because the methodology for our monitoring review included sample testing, this report is not a comprehensive assessment of all of the areas included in our review. It is SBETA's responsibility to ensure that its systems, programs, and related activities comply with the WIA grant program, Federal and State regulations, and applicable State directives. Therefore, any deficiencies identified in subsequent reviews, such as an audit, would remain SBETA's responsibility.

Please extend our appreciation to your staff for their cooperation and assistance during our review. If you have any questions regarding this report or the review that was conducted, please call Ms. Mechelle Hayes at (916) 654-1292.

Sincerely,



JESSIE MAR, Chief
Compliance Monitoring Section
Compliance Review Office

cc: Steven Amezcua, MIC 50
Jose Luis Marquez, MIC 50
Daniel Patterson, MIC 45
Georganne Pintar, MIC 50